

Effects of globalization: competition and business opportunities



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In many countries, globalisation provides a mechanism through which poverty can be reduced. The rapid growth of these emerging economies also provides substantial with new markets for exporters and investors and cheaper, more diverse goods and services for consumers (Kohler, 2002). In the essay, I will discussing the view that globalisation has not only significantly increased competition and business opportunities but has and will continue to so, increasing living standards. I will also further in evaluating the issues relating to investment, growth and development, and economic performance levels between countries.

In today's world, trade has increasingly global in scope. There are several reasons for this. One of the reasons is technological. The improved on transportation and communication of today has made trade more practical. Technology change is represented as the driving force of globalisation i. e. changes in technology and production methods that determine the future of workers managers and their interrelationships. The use of internet and computers are increasingly based on technologies as it main driving forces. The former general director of World Trade Organisation (WTO) Mike Moore has expressed this view as technology can be the friend of the people (Benedek, 2007, pg21). Technological change has helped fuel the rapid rise in global economic activity, especially in relation to communication and transport. Transport costs have fallen and the worldwide travel has increased exponentially. This has had a direct impact on the structure of industry, with tourism now being the second biggest industry as well across a whole range of other business activities. The other reason is free trade. Many barriers to

trade have been removed mostly by the WTO. This makes trade cheaper and looks more attractive to business.

Globalisation can be considered as a business that wants to expand their business significantly. In general, globalisation for a business means, not only did they expand their client base and support but also on other countries as well. Through globalisation, most companies significantly increase their earnings that enhance the improvement of the company. As more employees are hired, the experienced ones increase their chances of promotion. Moreover, giving them the opportunity of being a leader in working in other countries and experiencing a totally different culture with a good salary. However, globalisation can be dangerous in some company, if they are not careful in implementing changes.

Globalisation has brought in new opportunities to developing countries. These developed countries have greater access of markets and technology that improved productivity and higher living standard. But globalisation has also thrown up new challenges like growing inequality across and within nations, volatility in financial market and environmental deteriorations. Globalisation also supports productivity, cultural intermingling and cash flow into the developing countries. Hence, there are some disadvantages of globalisation that should be overlooked such as unemployment and difficulty of competition. Thus globalisation responds the needs of 7 million people. Moreover, the standard of living as at now compare to 50years ago is a lot better, as they are more machines and system invented in developed countries. Cultural intermingling enlarges with globalisation that enables people from all over the world able to communicate effectively. However, <https://assignbuster.com/effects-of-globalization-competition-and-business-opportunities/>

hand sharing traditional behaviour causes fading as boundaries is disappearing.

Brittan (1998) states that the high levels of unemployment in developing countries are caused by globalisation. The employment rate reflects not only the economic situation but also to some extent social conditions. However, not all countries with high unemployment rates face social problems.

According to Brittan (1998), globalisation led to an increase in the wealth of developed countries and also not to the bigger poverty in the developing countries. Brittan furthers more saying that the improvement in economic growth in the economic situation in the skewed distribution of income between developed and developing countries. However, Hak-Min (1999) argued from the view of Brittan that the distribution of income between developed and developing countries has become less skewed by indicating that globalisation in the integrated world economy has lead to industrial growth in a limited number of developed countries.

In the late nineties, over 90% of all financial transactions of the world were executed in 25 of 121 countries worldwide (Hak-Min, 1999). Less than 1% of the total worldwide transactions were shared in the globalised capital flows from the developing countries. Law (1988) saw these developments as the transactional stage in the development of capitalism. In the 1980s, globalisation has become an important policy issue for several reasons particularly in developing countries. Most developing countries now face more intense international competition and often greater opportunities with

large proportions of their economies subject to market forces, particularly international ones.

During the late nineties, many developing countries were restricted on foreign direct investment (FDI) that brought down tariff rates. In general, the higher growth and productivity, the less poverty in developing countries. Round (2002) states that in anti-globalists, globalisation adversely affects the poor in the poor countries while pro-globalists claim that it has led to poverty reduction. Some countries that managed the globalisation process illustrate that it can be a powerful force for economic growth whereas, those who were affected were evidenced by dismal record on economic growth and poverty.

It is clear that globalisation has failed to rid the world of poverty. Rather than being an unstoppable force for development, globalisation now seems more like an economic temptress, promising riches to everyone but only delivering to the few. In the 20th century, global average per capita income raised the income gap between the rich and the poor countries that has been widening for many decades Williamson (2002). It is argued that both rich and poor benefit from such a process. Politically, globalisation brings us closer together. Political ties help stabilise relationships and offer the opportunity for countries to discuss their differences. However, imperfect the current global political system might be, the alternative of independent nations is seen as potentially far worse. In addition, not all countries benefit equally from globalisation. Some people that have wealth will, as always, possess more opportunity to benefit from the globalised world, whether from lower prices, cultural experiences or political agreements. In the other hand, it is <https://assignbuster.com/effects-of-globalization-competition-and-business-opportunities/>

argued that globalisation contributes to growing inequality and further impoverishes poor nations. Globalisation allows multinational corporations based largely in the USA, Europe and Japan, to exploit their dominant position in foreign markets. By exploiting the low wage labour, companies are able to compete more effectively on world markets.

The major benefit of globalisation has improved living standards derived from a better division of labour. Developing countries specialise in intensive tasks, developed countries have to use employees in more productive ways. Most of the developing countries do not have the scientific and educational support, which the developed countries will have to move onto higher technology products.

During the 19th century, Marx views on capitalism posed as a central contradiction. Marx argued that there was a fatal flaw that capitalism led to unprecedented growth. The source of this growth was the ability of capitalists to exploit their labourers and as growth and wealth increased the conditions of the workers would be declined. Marx furthers his argument that the world capitalism might lead to even greater problems for the workers in the less advanced areas because of their even weaker position as subjects of an imperial master.

In conclusion, globalisation has an impact that enable worldwide prosperity to grow and the gap between developed and undeveloped countries to decrease. Globalisation plays an important role in solving the development problems of developing countries.

More so, globalization has also shown its impact in narrowing the world by bringing nations on a single platform but realistically, this platform has not only expanded the gap between the nations but has also brought pains and sufferings to the less privileged. The way around the industries is a matter of much concern as the water body of this area contains the entire overflow discharged from the industries as a waste product. This waste product is either thrown out in the air or is flown in the water and occasionally buried in the soil, making the people to suffer from all kinds of danger.

Enabling people of one nation to communicate with those of the other nations is the biggest achievement in terms of globalization. The culture, trade, business, ethics and conduct of one group in one part of the world can influence others may or may not be of same nation.

There are various aspects where globalization has massively affected the world in industrially, it has provided the outside to the production market with an improved access to a wide range of foreign products and as a result globalization has increased huge number of customers for itself and this has helped in the progress of goods and materials between and within the national limitations.

Financially globalization has opened the way to obtain external financing opportunities to the borrowers.

Economically the freedom of exchange of goods and capitals tells us that the markets are consistent and any kind of economic fall down in one country could be supervised by others.

Politically, the United States has come up with the ultimate power in the period of globalization as it has strong and wealthy economy. There is a flow of information from one part of the globe to another and even to the distant locations, through the means of satellites, wireless communication or through internet.

Globalization has also given birth to great fight and has made the market an open place to stand out with skills and quality. Culturally, cross-cultural contacts are the result of globalization. It has produced improved understanding towards cultural diversity and has also promoted travels and tourism to understand each other to a greater amount. This has improved greater customer products and has also has generated a pseudo-cultural patterns.

Socially, due to globalization the social network of people is expanding and people are able to understand each other in a better way howsoever isolated geographically they may be. In the technical aspect, any kind of technological progress can be communicated to other parts of the world and as a result feedback to further develop it can be obtained.